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1. The Czechoslovak budget for 1953 simply laid the groundwork for changing to the Soviet system in 1954; five so-called "basic groups" were introduced to cover all types of government expenditures and revenues. The 1954 budget followed the Soviet pattern almost exactly; the "basic groups" were further elaborated by the Ministry of Finance and, following the Soviet pattern, the 1954 budget required a new bookkeeping system called "synthetic and analytic bookkeeping" based on the double-entry method. This new system was to insure as detailed an accounting of revenues and expenditures as possible, for both control and statistical purposes. During the second half of 1953 the chief accounting officials of all government agencies were trained in order to familiarize them with the new system. Beginning with the 1954 budget, the total revenue and total expenditures of non-profit government installations will be given. The budget for 1954 showed the reorganization of non-profit government installations and of state farms. It was planned to restrict or liquidate those government installations which were entirely dependent on budget appropriations or not politically expedient. Some of the school farms and agricultural youth centers will undoubtedly fall into this category. Further, it was planned to place some of the non-profit installations which supposedly could operate as enterprises on the same basis as other enterprises.

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Basic Groups

2. The instructions of the Ministry of Finance, ¹ issued in January 1953, introduced five "basic groups" to cover all types of government expenditures and revenues. Each basic group dealt with expenditures and revenues of a specific kind. These five basic groups were:

- a. National economy
- b. Education, culture, health, social welfare, and propaganda
- c. Security
- d. Governmental administration
- e. National debt

Each ministry and each independent agency which was considered a "chapter" in the final budget had to classify its expenditures and revenues in conformity with the basic groups.

The basic group, security, appeared only in the budget of the ministries of Defense and Interior. The basic group, national debt, was included only by the Ministry of Finance.

Until the budget for 1953 there was no such uniform classification of expenditures and revenues. Each independent government organization had its own classifications.

3. In the 1953 budget, the basic groups were further broken down into "parts" which were in turn broken down into "departments". Each department included several "sub-departments" and there were various "accounts" under every sub-department. For example: Ministry of Agriculture (Chapter 26); Basic Group, National Economics; Part, Animal Production; Department, Bioveta National Enterprise; Sub-Department, Bioveta National Enterprise plant in Gottwaldov; Account, Traveling Expenses. Each of these breakdowns was designated by a number. The numbering of accounts was uniform throughout the government and corresponded to the Accounts List issued by the Ministry of Finance. (For example, the account for traveling expenses was numbered 3612.) The most detailed expression of an expenditure or revenue was the "account". In the budget, a definite sum of money was listed for every chapter, basic group, department and sub-department, but not for accounts.
4. Following are the main divisions of the two first basic groups listed above for the Ministry of Agriculture for the 1953 budget:

Basic Group National Economy:

Part	Financing of national enterprises
Part	Resurveying of land
Part	Agricultural constructions and machinery
Part	Farm cooperatives
Part	Agricultural planning
Part	Irrigation and draining of land
Part	Animal production
Department	Purchase of cattle for breeding purposes
Department	Horse-breeding ranches
Department	Artificial insemination
Department	Bioveta National Enterprise (production of serum)
Department	Veterinary care
Department	Scientific veterinary institute
Department	Game

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Part Plant production

Department Cultivation of cereals and fodder
 Department Protection against harmful insects (which attack
 hops, vines, beets, etc.)
 Department Protection of potatoes from harmful insects
 Department Production of artificial fodder
 Department Mechanization of agriculture

Part Land reform
 Part Czechoslovak Academy of Agricultural Science
 Part Agricultural research

Department Plants
 Department Animals
 Department Mechanization
 Department Special Research Institutes
 Department Regional Research Institutes
 Department Rewards for research activities

Basic Group Education, Culture, Health, Social Welfare, and Propaganda

Part Agricultural schools (elementary and high)
 Part Agricultural colleges
 Part Agricultural youth centers
 Part Mass training
 Part Publications
 Part Agricultural films
 Part Agricultural photography
 Part Agricultural exhibitions
 Part Agricultural welfare
 Part Agricultural competitions

The budgets of the regional national committees as well as the budget of the Commission in charge of Agriculture (Poverenictvo podohospodarstva) for Slovakia, which were incorporated into the budget of the Ministry of Agriculture, followed the same breakdown as above.

5. The classification of government expenditures and revenues complying with the five Basic Groups may be called formal classification (Formalni klasifikace) of expenditures and revenues. Another classification was the so-called "material classification" (Materialni klasifikace), which expressed the character of the expenditure or revenue. This classification included the following expenditures: investments, personnel expenditures (basic salaries and wages), other personnel expenditures (i.e. supplemental salary increase for children), administration (maintenance), and other administration expenditures (i.e. subsidization). Material classification of revenues was as follows: actual revenue (real revenue) included that listed by the budget and the "uncompensatory" revenues which were not anticipated in the budget and which had to be remitted to the Treasury. Compensatory revenues were funds not anticipated in the budget, which did not go to the Treasury but were used to cover other expenditures, for instance, funds which were actually transmitted by the Ministry to one of its organs, but which were partially or wholly returned; such funds were used to cover another expenditure of the same kind. Compensatory Revenues differed from Remainders which were budgetary funds to cover a certain expenditure, but were not remitted in full.
6. A third classification was the so-called "functional classifications" which designated the expenditures and revenues as: central (when administered by the ministry or headquarters of the agency and covered the entire country); Joint (administered by the Ministry

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for Bohemia and Moravia only), Slovak (administered by the Commissioner for Slovakia only); national committee expenditures and revenues (administered by regional national committees). In the 1953 budget, some of the activities of the ministries or agencies were transferred to regional national committees and further transferred by them to the district national committees or local national committees. This transfer of jurisdiction conformed to the régime's policy of decentralization. Theoretically all of the activities which were not of necessity being handled by the Ministry of Agriculture were being transferred to the regional national committees. In practice, however, this policy was not enforced to any great extent. It depended upon the manager of the main administration or the chief of a department whether, and to what extent, he permitted the transfer of activities to the regional national committees.

7. The budget proposed by the Ministry of Agriculture (this procedure was similar in all ministries and central government offices) was formulated by the Financial Department of the Ministry in cooperation with the budget officials in the various departments and main administrations after taking into account the regional budget proposals made by the regional national committees. The budget set up by the Ministry served only as a guide to the Ministry of Finance. The proposed budget prepared by the Ministry of Finance for each of the ministries or independent agencies was based on previous financial experience; in fact, each month the Ministry of Finance received accurate figures on the financial status from the various ministries and independent agencies and by the State Bank and the Investment Bank. Actual negotiations on the proposed budgets took place between the Ministry of Agriculture and the Ministry of Finance only when a new kind of expenditure was to be included in the budget; this usually occurred when special activities were ordered by the Party and/or the government. Such negotiations were also necessary when there was a reorganization of the Ministry. The Budget Department of the Ministry of Finance had the final say on the amount to be spent by the Ministry and the amount which was to be turned over to the Treasury as revenue from the Ministry. While the budget, as approved in Parliament, revealed the total amount of expenditures or revenues of each ministry or independent agency, the amounts listed for basic groups, parts, departments, and sub-departments were classified and only communicated by the Ministry of Finance to the ministry or agency concerned. The executive decree implementing the budget established rules which had to be complied with when transferring amounts from one fund to another; for example, from one sub-department to another sub-department. The amount allocated to each ministry or agency could not be changed by the ministry or agency.
8. The budget for the calendar year of 1953 was more or less a carry-over of the 1952 budget. The new 1953 budget was supposed to be ready at the beginning of the year, but because of delays in getting in the final balances for the 1952 budget, the government authorized expenditures on a monthly basis equal to one-twelfth of the 1952 figure. In April 1953, a temporary budget was agreed upon in a governmental meeting. The 1953 budget was further delayed by the currency reform which made it necessary to convert the amounts, and by the subsequent stringency imposed on all government offices. While the final accounts for the 1952 budget were finally approved in March 1954, the government had still not approved the latest version of the 1953 budget, and it had not been published.
9. The 1954 budget was almost identical to the Soviet pattern. The five basic groups introduced by the 1953 budget were further elaborated by the Ministry of Finance. It established some 180 individual "main titles" covering all the types of government expenditures and

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some 18 main titles covering all the types of government revenues. Each main title for expenditures (such as education) was broken down into departments, sub-departments, paragraphs, and articles to cover all expenditures under the main title. Confidential instructions of the Ministry of Finance spelled out the main titles and their breakdowns. Exceptions were the main titles (approximately 20) reserved for security and defense, even the names of which were not revealed in the confidential instructions. This was also true of the basic group, national debt. The titles and breakdowns were probably communicated under secret classification to the interested ministry only. As far as the revenues were concerned, each of the 18 main titles covered a special revenue. There was an individual title for each tax, fee, etc. One main title was devoted to the revenues from national enterprises. This title had three departments: accumulation (profits of an enterprise which were turned over to the Treasury), amortization of investments, and revolving fund (deposited by the national enterprise and used by that enterprise for temporary credit when no other means were available). The bank gave credit to the enterprise from the revolving fund but the enterprise was obligated to pay it back. In fact, the revolving fund was a cover for additional "accumulation".

10. A special title was assigned to revenues from non-profit organizations. Until the 1953 budget, only the net balance between the total expenditures and total revenue of the "government installations" (non-profit organizations) appeared in the budget. The 1954 budget will show the total expenditures and the total revenue. The term "government installations" was to be replaced by another term which had not yet been decided. There was also a title for revenues from communal enterprises.
11. The expenditure titles and revenue titles with their breakdowns as elaborated by the Ministry of Finance represented a uniform and official (formal) classification of all government revenues and expenditures. Each of the ministries or independent agencies used those titles and breakdowns which dealt with its particular activity. The individual formal classification for each Ministry as used in the 1953 budget was abandoned. The new classification should result in a simple and uniform control of the expenditures and revenues under each main title with a clear picture of the expenditure or contribution of each ministry or agency.
12. The 1954 budget introduced, according to the Soviet pattern, a new bookkeeping system called Synthetic and Analytic Bookkeeping, based on the double-entry method. Double-entry bookkeeping was to be used by all government organizations. Formerly, only enterprises and non-profit installations used this method; for pure administration the single-entry bookkeeping system was used. The analytic bookkeeping system, which actually is a further development of the synthetic bookkeeping system, was to be used by each ministry or independent agency, with the details to be worked out by each organization; only in a few cases were specific details ordered by special instruction of the Ministry of Finance. This new bookkeeping system was aimed at obtaining as detailed an accounting of revenues and expenditures as possible, for both control and statistical purposes.
13. This new bookkeeping system completed the new control measures, which started in 1952 when the bill (No. 54 and 55 of the List of Acts and Decrees of the Czechoslovak Republic) establishing the position of chief accountant for each ministry or agency was published. The chief accounting officials of all the ministries and agencies as well as of all national enterprises underwent training during the second half of 1953 for the purpose of becoming familiar with the new accounting system. This training was organized by the Ministry of Finance. Such training was held in October 1953 for the Ministry of Agriculture.

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1. Comment: Source states that the Ministry of Finance issued detailed instructions on how to run the government economy in conformity with the budget. These instructions were communicated through internal channels by the Ministry of Finance to the ministries or agencies concerned. These instructions, of course, were never made public and were confidential, or, when dealing with personnel or budget cuts, were secret. The first instructions for the current budget period were issued in January, that is, before the respective budget was discussed in Parliament. Further instructions were issued whenever it was necessary.

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